"To formulate guidelines pertaining to Iron Ore, Manganese Ore and Chrome Ore regarding giving preferential mining rights to certain persons by the State Government under section 11(5) of MMDR Act, 1957."

This group is being chaired by Sh. R.K. Dang, former Secretary, Ministry of Mines. The tenure of the 'expert group' is 3 months from the date of notification of its constitution i.e. from 20.4.2005. This tenure has been further extended by 15 days w.e.f. 20.7.2005. The group is expected to submit its recommendation at the end of its extended tenure.

MOU with POSCO

1416. SHRI RAJKUMAR DHOOT: Will the Minister of STEEL be pleased to state:

(a) Whether it is a fact that the Government of Orissa and Korean steel giant POSCO have signed an MoU for setting up a 10 MT plant at Paradeep;

(b) if so, the details thereof and the inflow of FDI in this case;

(c) the share of Government of Orissa in management of the plant and in finances; and

(d) the likely date of commercial production and how the cost of production would compare with existing plants?

THE MINISTER OF STEEL (SHRI RAM VILAS PASWAN): (a) A Memorandum of Understanding (MoU) has been signed between the Government of Orissa and POSCO of South Korea on 22.6.2005 for setting up of a 12 million tonnes steel plant at Paradeep with a proposed investment of around $ 12 billion.

(b) Details in this regard are given in the Statement (*See* below).

(c) The Government of Orissa has intimated that it will not have share in management of the plant and in its finances.

(d) As per the MoU the likely date for commercial production of first module of the first phase is July, 2010. Cost of production, being a commercial information, is not shared by steel companies.

Statement

Details of the MoU along with the FDI involved therein.

- POSCO has proposed to set up a 12 million tonnes integrated steel plant at Paradeep, district Kagatsinghpur, Orissa.
- The project would be implemented in two phases. Each phase will have two modules of 3 milion tonnes per annum crude steel capacity.
- Proposed investment is of the order of around US $ 12 billion (Rs. 51,000 crores approximately).
- POSCO will also set up infrastructure necessary for the integrated steel plant, related projects and related mining of iron are and other ores.
- The acquisition on the private iand will be as per the Land Acquisition Act.
- For rehabilitation of displaced families, Rehabilitation and Resettlement Package would be implemented as per prevailing guidelines and practices.
- The company will need 600 million tonnes of iron ore for 30 years. The company may swap certain quantities (not execcding 30 % of the total requirement of the Paradeep plant annually) of such iron ore which has high alumina content with an equal quantity of low alumina content iron ore. No export of iron ore will be allowed from the captive mine except by way of full replacement through import of equal quantity of high grade ore and within the limits mentioned above.
- Prospecting license and capitve mining leases for 600 million tonnes of iron ore would be granted in accordance with the prescribed procedure and after completion of required milestones as specified in the MoU, including approvals of GOI.
- Water will be provided from suitable source(s) for construction and operation as per the prevailing rates, subject to availability.

- The State Govt. would consider granting to the company such incentives and concessions as are provided in the relevant Industrial Resolution in force on this date.
- The State Govt. shall coordinate with the Ministry of Railways for early completion of Daitari-Banspani rail link, development of Haridaspur-Paradeep rail link and Banspani-Paradeep rail link.
- The State Govt. shall provide all support to facilitate the early completion of the National Highway between Haridaspur (Chandikhol) and Paradeep and for upgradation of State Highway from Cuttack to Paradeep to a two lane road.
- The State Govt. shall actively consider construction of two lane, free access public roads connecting the steel project, the mine project and the integrated township development to the nearest National Highway or State Highway.
- The State Government shall establish a special "Single Window Clearance Committee" to ensure clearances under State laws from agencies/ departments within specified time limits.

Merger of IISCO with SAIL

1417. SHRI MURLI DEORA: Will the Minister of STEEL be pleased to state:

(a) whether Government have approved the merger of India Iron and Steel Co. with SAIL and if so, the details thereof;

(b) whether merger will help SAIL to scale up crude steel production and if so, the details thereof;

(c) whether SAIL will get control of iron-ore and coal reserves and if so, to what extent the production will increase; and

(d) how much amount SAIL will infuse in IISCO to make it profitable?

THE MINISTER OF STEEL (SHRI RAM VILAS PASWAN): (a) The Government has approved the merger of Indian Iron & Steel Company (IISCO), a wholly owned subsidiary of Steel Authority of India Limited (SAIL) with SAIL. SAIL will take over all obligations, rights and liabilities